

Office of Attorney General Terry Goddard



STATE OF ARIZONA
DEPARTMENT OF LAW
1275 W. WASHINGTON STREET
PHOENIX, ARIZONA 85007-2926
WWW.AZAG.GOV

ANDREA M. ESQUER
PRESS SECRETARY
PHONE: (602) 542-8019
CELL PHONE: (602) 725-2200

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Terry Goddard Announces Deceptive Practices Settlement

(Phoenix, Ariz. – Dec. 14, 2006) Attorney General Terry Goddard today announced a settlement with Nevada-based YP Corp. (doing business as YP.com) and its wholly owned subsidiary Telco Billing, Inc. The settlement resolves allegations that the company engaged in deceptive business practices by sending small checks to businesses and non-profit organizations that when deposited would obligate the business to pay for an enhanced listing on YP.com's online yellow page directory.

The agreement is the result of an investigation by Arizona and 33 other states regarding YP.com's use of these so-called activation checks.

The states alleged that since at least Jan. 1, 2003, YP.com mailed businesses and other organizations activation checks, usually for around \$3.50. YP.com included a clause in fine print on the back of the checks stating that by depositing the check, the business agreed to buy advertising from YP.com's online yellow pages. This clause also indicated that the recipient authorized YP.com to charge monthly fees in advance on the business's telephone bill or by debiting the business's bank account. YP.com included information about its online advertising products with the checks.

Some businesses that deposited these checks were unaware they were purchasing an enhanced online yellow page listing from YP.com or that they were authorizing YP.com (through its subsidiary Telco Billing, Inc.) to bill them monthly fees in advance. In some of these cases, the recipient remained unaware that it was being billed by YP.com for several months, if not years, after it deposited the activation check.

Under the terms of the settlement, YP Corp. has agreed to stop using activation checks as the sole means of obligating a business to purchase its products and services. YP Corp. also agreed to pay \$2 million in restitution and investigative costs.

YP Corp. also agreed to contact its current activation check customers who are being charged on their telephone bill or by automatic deposit from their bank account to inform them of their right to cancel their agreement with YP.com and of their potential eligibility for at least a partial refund of monies paid to YP.com.

This settlement does not constitute an admission of wrongdoing by YPCorp. or Telco Billing, Inc.

Any Arizona business or entity that deposited one of these activation checks since Jan. 1, 2003 without understanding the effect of doing so should contact the Consumer Information & Complaints Section of the Arizona Attorney General's Office no later than March 1, 2007 for refund information. Consumers can contact the office at 602-542-5763 in Phoenix; 520-628-6504 in Tucson; and 1-800-352-8431 outside the Phoenix and Tucson metro areas. Consumers can also write the office at 1275 W. Washington St., Phoenix, AZ 85007

Current YP.com customers who are being billed for a listing and became a customer by depositing an activation check should be contacted directly by YP Corp. within the next two weeks with information on possible refunds.

The settlement agreement was filed in Maricopa County Superior Court and is subject to court approval before it becomes final.

Assistant Attorney General Cherie L. Howe handled this matter.

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